



VHCL Industries Ltd.

ISO 9001,14001,18001

22nd
ANNUAL REPORT

2012-2013

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VHCL INDUSTRIES LIMITED**BOARD OF DIRECTORS**

Mr. Pankaj H. Valia	-	Chairman and Managing Director
Mr. Nimesh S. Joshi	-	Director
Mr. Harshadrai Bosmia	-	Director
Mr. Mandar Subhash Palav	-	Director
Mr. Ashish S. Pandare	-	Director
Mr. Mitesh H. Dani	-	Director (up to 02/01/2013)
Mr. Jayesh Prafull Jhaveri	-	Director (up to 02/01/2013)
Mr. Atul Anantrai Mehta	-	Director (up to 06/09/2012)
Mr. Pradeep Soni	-	Company Secretary and Compliance Officer
AUDITORS	:	Sarda Soni Associates (Chartered Accountants)
BANKERS	:	State Bank of India Central Bank of India
REGISTERED OFFICE	:	306, Commodity Exchange Building, Plot No. 2, 3 & 4, Sector - 19, Vashi Navi Mumbai - 400 705
CORPORATE OFFICE	:	601/602, Casabalnca, Plot No. 130, CTS - 3A/5 Gulmohar Cross Road No. 10, Juhu, Vile Parle (W), Mumbai - 400 049
REGISTRARS & TRANSFER AGENTS	:	LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Ph.: 022-25963838, Fax: 25946969 Email: rnt.helpdesk@linkintime.co.in

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 22ND ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S VHCL INDUSTRIES LIMITED WILL BE HELD AT THE HOTEL SHELTER PALACE AT PLOT NO. 179A, SECTOR - 19C, BEHIND STATE BANK OF INDIA, DANA BUNDER, VASHI, NAVI MUMBAI - 400 705 ON MONDAY, 30TH SEPTEMBER 2013, AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Statement of Profit and Loss of the Company for the year ended 31st March, 2013 and Balance Sheet as at that date, Cash Flow statement for the year ended 31st March, 2013 and Report of the Directors and Auditors thereon.
- 2) To declare Final Dividend.
- 3) To appoint a Director in place of Mr. Mandar Palav who retires by rotation and being eligible, offers himself for re - appointment.
- 4) To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

Dated: 14th August, 2013

Registered Office:

306, Commodity Exchange Building,
Plot No. 2, 3 & 4, Sector - 19, Vashi,
Navi Mumbai, Mumbai - 400 705

By order of the Board of Directors
For VHCL Industries Limited

Sd/-
Pradeep Soni
Company Secretary

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and to vote on a poll instead of himself and such proxy need not be a member of the company. Proxies, in order to be effective must be received by the company not less than 48 (Forty Eight) hours before the meeting. Proxies submitted on behalf of Companies, Societies, etc. must be supported by appropriate resolutions/authority, as applicable.
2. Members are requested to notify immediately any change in their address.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from 23rd September, 2013 to 30th September, 2013 (both days inclusive).
4. Members desiring to submit mandates, to lodge transfer deed for shares are requested to forward the same so as to reach the Company's Registrars, **LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West), Mumbai - 400 078 on or before 21st September, 2013. The Company will not be in a position to act upon any document, which is incomplete or received after 21st September, 2013.
5. In accordance with the provisions of Section 256 of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges the particulars of Directors who are proposed to be re-appointed are given in the Corporate Governance Section.
6. Members are requested to send their queries to the Company, if any on Accounts at least 10 days before the Meeting.
7. In case of physical shares, the instrument of Share Transfer complete in all respect should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to closure of the Register of Members as stated above.
8. Corporate Members intending to send their authorised representatives to attend the Meeting are

requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

9. Members/Proxies should bring the attendance slip duly filled in, for attending the Meeting. The Attendance slip is sent with this Annual Report.
10. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate Governance.

Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send Documents like the Notice convening the general meetings, Financial Statements, Directors', Auditors' Report, etc to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

11. Members can avail of the Nomination facility by filing Form 2B with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in demat form, the nomination has to be lodged with their DP.
12. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to **LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West), Mumbai - 400 078.**

Dated: 14th August, 2013

Registered Office:

306, Commodity Exchange Building,
Plot No. 2, 3 & 4, Sector - 19, Vashi,
Navi Mumbai, Mumbai - 400 705

By order of the Board of Directors
For VHCL Industries Limited

Sd/-
Pradeep Soni
Company Secretary

Annexure to Notice

Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting. (In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri Mandar Palav
Age	30
Date of Appointment	18/11/2010
Expertise in specific functional areas	Compliance and Secretarial Areas
Qualifications	B.Com, ACS
List of Companies in which outside Directorship held as on 31st March, 2013 (excluding Private Companies)	2
Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director as on 31st March, 2013	1

DIRECTORS REPORT

The Directors have pleasure in presenting their 22nd Annual Report on the business and operations of the Company for the year ended on 31st March, 2013.

Financial Results:
(Rs. In Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Sales	48017.21	22816.59
Other Income	121.20	73.56
Profit before Depreciation, Finance Cost, Exceptional Items and Taxation	2235.45	1914.14
Less : Depreciation and amortization	148.09	165.44
Profit before Finance Cost, Exceptional Items and Taxation	2087.36	1748.69
Less : Finance Cost	816.65	706.82
Profit before Exceptional Items and Taxation	1270.70	1041.87
Less : Exceptional Items	291.43	299.92
Profit (Loss) before Taxation	979.27	741.95
Less : Provision for Tax - Current Tax (Including MAT Credit entitlement and previous year tax)	317.52	59.45
Less: Provision for Tax - Deferred Tax	32.34	12.03
Profit for the year	694.08	694.52
Add: Balance of profit for earlier years	1595.55	-280.09
Profit available for appropriation	2289.63	414.43
Less : Proposed Dividend	73.90	63.30
Less : Income tax on Proposed Dividend	11.99	10.27
Balance Carried Forward	2203.74	340.86

- The Balance of profit for earlier year for 31st March, 2012 has been increased from Rs. (280.09/-) lacs to Rs. 1595.55 lacs as on 31st March, 2013 due to approval of the Composite Scheme of Arrangement and Amalgamation of VHCL Industries Ltd. with Jhaveri Weldflux limited (now Known as VHCL Industries Limited).

Dividend :

Your Directors are pleased to recommend a Dividend of Rs. 0.20 paisa per share (10%) on 36951970 Equity Share of the face value of Rs. 2/- each, amounting to Rs. 7390394/- (excluding Corporate Dividend Tax Rs. 1198907) payable to those Shareholders whose names appear in the Register of Members as on the Book closure date.

Financial Performance :

The sales of the Company increased to Rs. 48017.21 Lacs from Rs. 22816.59 Lacs in the previous year, at a growth rate of 110.45%. The Profit before Depreciation, Finance cost, exceptional item and Tax increased from Rs.1914.14 Lacs in the preceding financial year to Rs. 2235.45 Lacs in the year under Report. The Profit after tax for the current year of Rs. 694.08 Lacs was lower as compared to Rs. 694.52 Lacs in the previous year due to increase in finance cost and forex loss.

Increase in Share Capital :

During the year, the Company have allotted 94,00,000 warrants of Rs. 2/- each at a premium of Rs. 32/- each convertible into one Equity share of Rs. 2/- each to various Investors (Non Promoter) as per the special resolution passed on 24th December, 2012 by the shareholders through postal ballot.

During the year, out of 9400000 convertible warrants, the Company has issued 5300000 Equity Shares of Rs. 2/- each on account of conversion of Convertible Warrants at a premium of Rs. 32/- per share on preferential basis on 05th February, 2013. The issue proceeds have been utilized for long term working capital, for expansion and support growth plans of the Company and/or general corporate purpose. As a result of this, issued, subscribed and paid up Equity share capital increased from Rs. 6,33,03,940/- divided into 3,16,51,970 equity shares of Rs. 2/- each in the previous year to Rs. 7,39,03,940 divided into 3,69,51,970 shares of Rs. 2/- each as at 31st March, 2013.

Directors :

During the year Shri Pankaj Valia has appointed as a Managing Director of the Company for a period of five (5) years with effect from 27th October, 2012 at a remuneration of Rs. 250000/- per month or Rs. 30,00,000/- per annum as approved by the Members / shareholders of the Company through Postal ballot.

Mr. Atul Mehta has resigned from the Board with effect from 06th September, 2012 and Mr. Mitesh Dani and Mr. Jayesh Jhaveri have resigned from the Board with effect from 02nd January, 2013. The Board places on record their appreciation for valuable service rendered by them to the Company during their tenure as Director of the Company.

Director`s Responsibility Statement :

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm as under:

- a) that in the preparation of annual accounts, the applicable Accounting Standards have been followed and there has been no material departures;
- b) that the Directors have selected such Accounting policies and applied them consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) that the Directors have prepared the Annual Accounts on a going concern basis.

Management Discussion And Analysis Report :

In Compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed Management Discussion and Analysis Report form part of the annual report.

Corporate Governance :

In Compliance with Clause 49 of the Listing Agreement with the Stock Exchange, a detailed Corporate Governance Report forms part of the annual report.

The requisite certificate from the Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of annual report.

Auditor And Auditor's report :

M/s Sarda Soni Associates, Chartered Accountants, will retire at the ensuing Annual General Meeting and being eligible are proposed to be reappointed. The Audit Committee recommends the re-appointment of M/s Sarda Soni Associates, Chartered Accountants, as Statutory Auditors of the Company.

As required under the provisions of Sections 224 (1B) of the Companies Act, 1956, the Company has obtained a written Certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

The observations of the Auditors in their report, read with the accounts are self-explanatory and therefore do not require further explanation.

Audit Committee :

The composition of Audit Committee is as given in the Report on Corporate Governance.

Shareholders / Investor Grievance Committee :

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

Energy conservation, technology absorption and foreign exchange earnings and outgo:

Information in accordance with the provisions of Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure "A" to this report.

Public Deposits :

The Company has not accepted/invited any Public Deposits during the year under report.

Particulars of employees :

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

Acknowledgements :

Your Board of Directors is pleased to place on record their appreciation of the cooperation and support extended by all India financial institutions, banks, Central and State Government authorities, Customers, Vendors and members during the year under review.

Your Directors also wish to place on record its appreciation of the valuable services rendered by the executives, staff and workers of the Company.

For and on behalf of the Board

Sd/-
PANKAJ VALIA
Chairman and Managing Director

Place : Mumbai
Date :29th May, 2013

ANNEXURE 'A' TO DIRECTORS' REPORT

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are as under:

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM - A IS GIVEN HERE UNDER:

A. POWER AND FUEL CONSUMPTION		2012- 13	2011- 12
1. ELECTRICITY (FOR MANUFACTURING)			
(a) Purchased			
Unit	KWH	1668000	1664160
Total Amount	Rs.	6941003	6841118
Rate/Unit (average)	Rs./ KWH	4.16	4.11
(b) Own generation (Through Diesel Generator)			
Through HSD (Unit) in Itrs		116620	84432
Total Amount	Rs.	6014976	3836431
Rate per Litre of Diesel Oil	Rs/ litre	51.59	45.44
Through Steam/ Turbine Generator		Nil	Nil
2. Coal		Nil	Nil
3. Furnace Oil			
Quantity	MT	Nil	Nil
Total Cost	Rs.	Nil	Nil
Average rate	Rs./MT	Nil	Nil
4. Other/ internal generation			
(a) Low Sulphur Heavy Stock (LSHS)		Nil	Nil
Quantity	MT	Nil	Nil
Total Cost	Rs. Lakh	Nil	Nil
Average Rate	Rs. /MT	Nil	Nil
(b) Internally Generated Fuel		Nil	Nil
B. Consumption per unit of Production			
Product	Unit	PerTonne	Per Tonne
Plastic Granules	KWH	53.58	89.13

RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**1. Future plan of action**

We will focus on constant upgradation of Technology for recycling of plastic waste.

B. Technology absorption:**1. Efforts in brief made towards technology absorption, adaption and innovation.**

No new technology was introduced during the Year ended 2012-2013

2. Benefits derived as a result of the above efforts:Nil**3. In case of imported technology technology (imported during the last 5 years reckoned from the beginning of the financial year): Nil****C. Foreign Exchange Earnings and Outgo**

1. Earning- FOB value of Exports : Nil

2. Outgo- CIF Value of Imports;

US \$ 65,747,563.00 (equivalent in Rs. 3591279845/-)

For and on behalf of the Board

Sd/-

PANKAJ VALIA
Chairman and Managing Director

Place: Mumbai

Date:29/05/2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Overview**

The Management Discussion & Analysis Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and prepared in compliance with the requirement of Corporate Governance as laid down in the Listing Agreement. Our Management accepts responsibility for the integrity and objectivity of these financial statements. The estimates relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

FINANCIAL PERFORMANCE AND ANALYSIS

Your Company continued to progress in utilizing all the opportunities during 2012- 2013. The highlights of the financial performance are:

- 1) Net sales increased by 110.45% from Rs. 22816.59 Lacs in 2011-12 to Rs. 48017.21 Lacs in 2012-13.
- 2) Earnings before interest, depreciation, tax (EBIDTA) increased by 19.37 % to Rs. 2087.36 Lacs in 2012-2013 against Rs. 1748.69 Lacs in 2011-2012.
- 3) Profit after tax (PAT) was slightly lower Rs. 694.08 Lacs as compare to Rs.694.52 Lacs earned generated in 2011-2012.

The Company is making all efforts at improving value additions, reducing operating costs and improving efficiencies to overcome higher input costs.

INDUSTRY OUTLOOK

The Indian plastic industry made a promising beginning in 1957 with the production of polystyrene. Thereafter, significant progress has been made and the industry has grown and diversified rapidly. Currently the Indian plastics industry is spread across the country, employing about 4 million people and over 2000 exporters. It operates more than 30000 processing units, of which 85 percent to 90 percent are small and medium enterprises (SMEs).

Plastic is one of the cheapest material for Flexible packaging, Agriculture and Industrial applications. Despite being among the fastest growing market globally, India's per capita plastic consumption is only about 7-8 Kgs. As compared to about 95 Kgs in USA, about 65 Kgs in Europe and world average of above 28 Kg. Plastics have substantial benefits in terms of their low weight, durability and lower cost relative to many other material types worldwide polymer production was estimated to be 260 million metric tonnes per annum for all polymers including thermoplastics, thermoset plastics, adhesives and coatings, but not synthetic fibres.

The year 2012-13 was again the year with set of challenges to sustain the growth rate due to the rising Inflation, fluctuations in Currency rates and the year begins with fear of another recession era but our Economy constantly fights for the growth rate also there were hike in the duties and additional taxes by the Government.

As like past, few years, this year also Plastic Processing Industry faced the dilemma of fluctuations in polymer raw material prices with rising trends and it posts pressure of margin cut for the Industrial players. The Input cost has been drastically boosts due to the rising raw material prices and production costs which has controlled the margin ratios with thin margins for the Industry.

THE COMPANY'S OUTLOOK

The outlook for the Company is positive. The Company is engaged in recycling of plastic wastes. The Company is engaged in manufacture of reprocessed Plastic Granuels (ii) Power Generation. Company generates major revenue from sales of granuels which contributed 99.68% of total sales made by the Company during the year 2012-13.

REPROCESSED PLASTIC GRANUELS

There is a vast untapped demand in rural areas. The Industry is fragmented and there are large numbers of small units scattered at various places in the country. Moreover the range of recycled produce varies as per the requirements of the customers. The potential to grow depends on procurement of plastic wastes and producing recycled products as per market demand. Most varieties of plastics are recyclable. As per general estimate, reprocessed material used by plastic reprocessing industry accounts for about 40% to 50% of the virgin material processed. It takes 91 % less energy to recycle a kilo of plastic than it takes to recycle a kilo of paper. Recycling of plastic bags generate 80% less waste as compared to paper bags. Many other advantages of recycling highlight its importance and the need to develop and support Plastics Recycling Program nationally as a modern solid waste management practice. The Company had made substantial growth in last few years which reflected in his financial performance.

WIND POWER

During the Year 2012-13, the sales from Wind Power were Rs. 155.87 lacs as against Rs. 161.43 lacs in the year 2011-12.

There is a huge gap between demand and supply of power in India which is likely to continue for many years to come. The government has taken various initiatives to increase public as well as private investment in this Sector to enhance generation capacity. This Sector provides ample of opportunities for growth and there are no perceived threats.

METAL PLANT AT SANJAN

Company is now venturing into the business of recycling of non-ferrous metals. The management of the company has decided to set up a new unit as a part of this division. This project is divided into two phases which are (1) Manufacturing of Aluminum Alloys ingots to the tune of 36000 MT P.A. (2) Manufacturing of ingots and Billets of Brass alloys, cupronickel alloys, lead alloys other ferrous and non ferrous materials to the tune of 40000 MT P.A. Phase 1 of the project is already under execution, and commercial production is stated to start by December 2013. Both these units will be under the EOU scheme to facilitate exports and increase revenue. The metal division is expected to add to the company's sales turnover significantly.

OPPORTUNITIES AND THREATS

The industry has encountered high volatility and uncertainty on price movement of raw material. Dependency on imported raw material for certain critical applications is a recognised risk.

Recycling is one of the most important actions currently available to reduce these impact and represent one of the most dynamic areas in the plastics industries today. Recycling provides opportunities to reduce oil usage, carbon dioxide emission and the quantities of waste requiring disposal. The advantage is the ability to recycle a larger proportion of the plastic waste stream by expanding post-consumer collection of plastic packaging to cover a wider variety of materials and pack types. Product design for recycling has strong potential to assist in such recycling efforts. Most current material recovery facilities have difficulty in handling flexible plastic packaging because of

the different handling characteristics of rigid packaging. Plastic carry bags are extremely resource-efficient disposable bag choice. There is a big opportunity in this industry in view of rapid growth in the economy and consumerism growing at fast pace. However, the growth is constrained by the factors like environment concerns and uncertain regulatory framework. Plastic bags can be made into dozens of useful new recycled products such as sheetings, garbage bags, liners, industrial packing, shoe soles building and construction products, low maintenance fencing and decking. There is high demand for plastic waste, and in most areas, demand exceeds than available supply. We can also get material saving by recycling clean waste and also energy saving in our national interest. Plastic waste industry is at point of fierce competition, the industry may encounter difficulties and in future the survival will be to the fittest. It is therefore necessary for the industry to evolve profitability and competitiveness, focus on improving the technical content, improve business strategies, increase specialization and its transformation equipped with latest Technology.

RISKS AND CONCERNS

The Company faces normal business challenges from market competition and needs to continuously search attractive growth areas and opportunities. The Company has so far adapted successfully to changes in the market environment.

The company now caters to a wider range of applications and user industries, with resultant lower risk in an economic downturn.

Operational risk : Payment recoveries in uncertain economic conditions are and will continue to be a risk, which will need a very close attention.

Competition Risk : In order to mitigate competition risk the Company is moving into higher value added products, which are difficult to replicate and need time and technical service competency for product acceptance.

Financial Risk : The Company's operations are exposed to various types of financial risks, like currency risk, interest risk, liquidity risk and credit risk. The continuous monitoring of cash flow and market factors helps in minimizing these risks and disruptions in normal operations.

Interest and finance cost has been increased due to increase in utilization of borrowed funds and its cost. The increase in borrowed fund was due to capital expenditure incurred and increased working capital requirement for the growth of the business. The Company is exposed to risks from the market fluctuations of foreign, commodity prices, business risks as well as price fluctuation on raw materials and finished goods in its entire product.

Litigation Risk : Outcome of litigation in matters of Tax Law or in any other statutory obligation cannot always be predicted and therefore also poses a risk. Currently there is no litigation of any material significant value.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its nature and size of business and meets the following objectives:

- Providing assurance regarding the effectiveness and efficiency of operations;
- Efficient use and safeguarding of resources;
- Compliance with policies, procedures and applicable laws and regulations;
- Transactions being accurately recorded and reported timely.
- The Company has a budgetary control system to monitor expenditures and operations against budgets on an on going basis.
- The Internal Auditor also regularly reviews the adequacy of internal control system.

HUMAN RESOURCE DEVELOPMENTS

The company has a team of able and experienced professionals and believes that the quality of its employees is the key to its success in the long run. During the year under review, industrial relations continued to be cordial and peaceful.

CAUTIONARY STATEMENT

Certain Statements in this Management Discussion and Analysis describing the Company's objectives, projections, outlook, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

For and on behalf of the Board

**Sd/-
Pankaj H. Valia
(CHAIRMAN)**

**PLACE : Mumbai
DATE : 14/08/2013**

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance:

Effective Corporate Governance Practices constitute the strong foundations on which successful commercial enterprises are built to last. The Company's philosophy on Corporate Governance is to achieve business excellence and ensure fiscal accountability, ethical corporate behaviour and fairness to its customers, shareholders, employees, business associates, the society at large and in complying with the dictates of the regulatory frame work. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. We believe that Corporate Governance is voluntary and self-discipline code which means not only ensuring compliance with regulatory requirements but also being responsive to our stakeholders needs.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director, Executive Directors and Non - Executive Directors. Code of Conduct are available on Company's Website.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchange with regard to corporate governance.

2. Board of Directors:

The Company has a high profiled Board with varied management expertise. The Board of the Company is well structured with adequate blend of Professional, Executive and Independent Directors. The Company's Board comprises of Five Directors: one is Promoter Executive Director, one is Promoter Non Executive Director and three are Non-Executive Independent Directors. More than half of the Board of Directors comprises of Independent Directors.

All directors are individuals of integrity and courage, with relevant skills and experience to bring judgment to bear on the business of the Company.

The composition of the Board is in conformity with the Clause 49 of the Listing Agreement entered into with the Stock Exchange. All Independent Non-Executive Directors comply with the legal requirements of being "Independent".

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Necessary Disclosures regarding Committee positions in other Public Companies as on March 31, 2013 have been made by the Directors.

During the financial year ended 31st March, 2013, 16 Meetings of the Board of Directors were held on 08th May, 2012, 18th June, 2012, 01st July, 2012, 04th July, 2012, 08th August, 2012, 09th August, 2012, 14th August, 2012, 24th August, 2012, 05th September, 2012, 10th September, 2012, 27th October, 2012, 07th November, 2012, 19th November, 2012, 05th January, 2013, 08th January, 2013 and 05th February, 2013. The maximum time gap between any two consecutive meetings did not exceed four months.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year, the number of directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of Directors	Category of Directors	No. of Board Meeting attended during 2012-13	Whether attended last AGM	Number of Directorship in other Public Limited Companies	No. of Committee and positions held in other Companies	
					Member	Chairman
Mr. Pankaj H. Valia	Chairman - Executive Director	15	Yes	1	Nil	Nil
Mr. Nimesh Shambhulal Joshi	Non - Executive Promoter Director	11	Yes	Nil	Nil	Nil
Mr. Harshdrai Bosmia	Non - Executive Independent Director	11	No	Nil	Nil	Nil
Mr. Mandar Subhash Palav	Non - Executive Independent Director	13	Yes	02	01	01
Mr. Ashish S. Pandare	Non - Executive Independent Director	13	Yes	01	01	01
Mr. Atul Anantrai Mehta (till 06/09/2012)	Non - Executive Promoter Director	8	No	Nil	Nil	Nil
Mr. Mitesh Hasmukhlal Dani (till 02/01/2013)	Non - Executive Independent Director	12	No	Nil	Nil	Nil
Mr. Jayesh Praful Jhaveri (till 02/01/2013)	Non Executive Promoter Director	12	Yes	Nil	Nil	Nil

(Details are as on 31st March, 2013)

The Board periodically reviews compliance reports of all the laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any.

Details of Directors being appointed and re-appointed:

- (1) Mr. Mandar Palav who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Mandar Palav
Age	30
Date of Appointment	18/11/2010
Expertise in specific functional areas	Compliance and Secretarial Areas
Qualifications	B.Com, ACS
List of Companies in which outside Directorship held as on 31st March, 2013 (excluding Private Companies)	2
Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director as on 31st March, 2013	1

3. Board Committees

The Board has constituted the following Committees of Directors:

3.1 Audit Committee :
a) Terms of Reference

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges and covers all the aspects stipulated by the SEBI Guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

b) Composition

The Audit Committee comprises of Mr. Mandar S. Palav as the Chairman and Mr. Ashish S. Pandare and Mr. Nimesh S. Joshi as the members of the Audit Committee.

During the year 2012-13 under review 5 meetings of the Audit Committee were held on 08th May, 2012, 14th August, 2012, 24th August, 2012, 07th November, 2012 and 05th February, 2013. The attendance of members are as follows :

Name	Category	Meetings during the year 2012-13	
		Held	Attended
Mr. Mandar S. Palav Chairman	Non - Executive Independent Director	5	5
Mr. Ashish S. Pandare	Non - Executive Independent Director	5	5
Mr. Nimesh Joshi Member	Non- Executive Promoter Director	5	5

The Composition of Audit Committee is in conformity with Clause 49 II (A) of the Listing Agreement. All the three members of the Audit Committee are financially literate and Mr. Mandar Palav and Mr. Ashish S. Pandare have accounting and management related expertise.

c) A brief description of the terms of reference of the Audit Committee is as follows:

- Review of the quarterly/annual financial results with the statutory auditors and Management before submission to Board for approval.
- Review with the management, statutory auditors and the internal auditors about the nature and scope of audit and of the adequacy of internal control systems.
- Authority to investigate into any matter covered by Section 292A of the Companies Act, 1956 and other matters specified under clause 49 of the Listing Agreement.
- Review of the financial reporting process and disclosure of financial information.
- To oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the findings of any internal investigations by the Internal Auditors and reporting the matters to the Board.

3.2 Share Transfer & Shareholders' / Investors' Grievance Committee:
a) Composition, Names of Members and Chairman, Terms of references of Committee

The Share Transfer & Shareholders' / Investors' Grievance Committee comprises of Mr. Mandar S. Palav as the Chairman and Mr. Ashish S. Pandare and Mr. Nimesh S. Joshi as the members of the Committee. The Committee is set up to oversee the performance of the Registrars and Share Transfer Agents with respect to redressal of Shareholders grievances such as transfer of Shares, non- receipt of Balance Sheet and non-receipt of declared dividend, etc. The said Committee would also recommend measures for overall improvement of the quality of Investor services.

The Committee also reviews the processes and service standards adopted by the Registrar and Transfer Agent, the complaints received by the Company and their Resolution. The process of share transfer as well as review of redressal of investors/shareholders grievances is undertaken on fortnightly basis by the Registrar and Share Transfer Agents and the Compliance Officer. However, the matters related to issue of fresh Share Certificates are dealt with by the Shareholders/Investors Grievance Committee.

The Board has delegated the powers to the Registrar and Transfer Agents (RTA) to attend to Share Transfer formalities once in a fortnight in accordance with Clause 49(IV)(G) and the RTA has convened 24 concall meetings with the Compliance Officer during the year under review for the purpose.

During the year, 6 meetings of the Shareholders/Investors Grievance Committee were held on 08th May, 2012, 18th June, 2012, 14th August, 2012, 24th August, 2012, 07th November, 2012 and 05th February, 2013.

The composition of the Shareholders/Investors Grievance Committee and number of meetings attended by the Members during the year are given below:

Name	Category	Meetings during the year 2012-13	
		Held	Attended
Mr. Mandar S. Palav Chairman	Non - Executive Independent Director	6	6
Mr. Ashish S. Pandare Member	Non - Executive Independent Director	6	6
Mr. Nimesh Joshi Member	Non- Executive Promoter Director	6	6

b) Name and Designation of the Compliance Officer
Mr. Pradeep Soni

Company Secretary

VHCL Industries Limited

Corporate Office

602, Casablanca, Plot No. 130, CTS-3A/5,

Gulmohar Cross Road No. 10, JVPD Scheme,

Vile Parle (West), Mumbai - 400049

Tel : 91-22-26256468/69

Fax: 91-22-26253232

E-mail - cs@vhcl.co.in

The Company Secretary has been designated as Compliance Officer of the Committee in line with the requirement of Listing Agreement(s) with the Stock Exchange.

c) Number of complaints received and redressed during the year 2012-13

Opening Balance	Received during the year 2012-13	Resolved during the year 2012-13	Closing Balance
0	61	61	0

As required under Clause 47(c) of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchange within stipulated time.

4. General Body Meetings:
4.1 Annual General Meetings

Details of Location and time where last three Annual General Meetings were held below :

Financial Year	Date	Time	Location
2011-2012	28/09/2012	10.00 AM	Hotel Shelter Palace, 179/A, Sector 19C, Behind State Bank Of India Building, Dana Bunder, Vashi, Navi Mumbai - 400 705
2010-2011	29/09/2011	11.00 AM	Hotel Shelter Palace, 179/A, Sector 19C, Behind State Bank Of India Building, Dana Bunder, Vashi, Navi Mumbai - 400705
2009-2010	25/09/2010	11.00 AM	Panchayat Samiti Hall, Khalapur, Maharashtra

4.2 Extra Ordinary General Meeting

No Extra-Ordinary General Meeting of the Members of the Company was held during the Financial Year 2012-2013.

4.3 Resolution passed through Postal Ballot

In December, 2012, the Company had obtained the approval of its Members under Section 192A of the Companies Act, 1956, pertaining to:

Resolution No. 1 (Ordinary)	For creation of charge on assets upto a limit of Rs. 250 cr under Section 293 (1) (a)	Passed by the requisite majority
Resolution No. 2 (Ordinary)	For increase in borrowing limit upto Rs. 250cr under Section 293 (1)(d)	Passed by the requisite majority

Resolution No. 3 (Special)	For increase in limit of inter-corporate loans, investments etc. upto a limit of Rs. 100cr under Section 372A	Passed by the requisite majority
Resolution No. 4 (Special)	For appointment of Mr. Pankaj Valia as a Managing Director under Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956	Passed by the requisite majority
Resolution No. 5 (Special)	For appointment of Mr. Hardik Valia, a relative of one director under Section 314 (1B)	Passed by the requisite majority
Resolution No. 6 (Special)	For deletion of main object clause III (A) sub clause 2(E) of the MOA under Section 17 of Companies Act, 1956	Passed by the requisite majority
Resolution No. 7 (Special)	To issue an allot 94,00,000 warrants convertible into equivalent equity shares of Rs. 2/- each on preferential allotment basis to various investors, who are non-promoters under Section 81 (1A)	Passed by the requisite majority
Resolution No. 8 (Special)	For change of registered office from state of Maharashtra to Dadra & Nagar Haveli (U.T.) Under Section 17, 146(2), 192A of Companies Act, 1956	Passed by the requisite majority
Resolution No. 9 (Special)	For delisting of the equity shares from Ahmedabad Stock limited	Passed by the requisite majority

5. Other disclosures :
(a) Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management or relatives etc. that may have potential conflict with the interests of Company at large:

The Details of Related Party Transactions are duly disclosed in the Notes to Accounts of the Company for the Year ended on 31st March, 2013.

(b) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI).

(c) Disclosures on Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and Board of Directors review these procedures periodically.

(d) Code of Business Conduct and Ethics for Directors and Management Personnel

The Company has adopted a Code of Conduct for its Directors and Senior Management employees. This Code of Conduct has been communicated to each of them.

(e) Code of Conduct for Prevention of Insider Trading Practices

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented a comprehensive Code of Conduct for its designated employees. The Code lays down guidelines on procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them of the consequences of violations.

(f) Compliance of Regulatory Requirements

The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory

authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company by the Stock Exchange, SEBI or any statutory authorities related to the above.

(g) Management Discussion & Analysis Report

The Management Discussion and Analysis Report (MDAR) has been attached to the Directors' Report and forms the part of this Annual Report.

(h) Proceeds from preferential issue etc.

The Company had allotted 94,00,000 warrants of Rs. 2/- each at a premium of Rs. 32/- each convertible into one Equity share of Rs. 2/- each to various Investors (Non Promoter) as per the special resolution passed on 24th December, 2012 by the shareholders through postal ballot.

During the year, out of 9400000 convertible warrants, the Company had issued 5300000 Equity Shares of Rs. 2/- each on account of conversion of Convertible Warrants at a premium of Rs. 32/- per share on preferential basis on 05th February, 2013. The issue proceeds have been utilized for the object for which such issue was made.

(i) Remuneration Of Directors

Details of Remuneration for the year ended on March 31, 2013 :

The remuneration paid by Company to Shri Pankaj Valia, Chairman & Managing Director is as follows:

Salary (including all Perquisites) Rs.12,50,000/- (from Nov. 2012 to March 2013)

Non-Executive Director :

No sitting fees paid to Non-Executive Directors during the year 2012-2013.

(j) Means of communication :

Quarterly results :

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within statutory period from the end of the last quarter, as stipulated under the listing agreement with the BSE Limited and Ahmedabad Stock Exchange Limited*.

*The Shares have been delisted from Ahmedabad Stock Exchange Limited from 20th February, 2013.

Newspapers wherein normally published :

Navshakti (Marathi)

The Free Press Journal (English)

Any Website, wherein displayed : www.vhcl.co.in

Whether Website also displays official news, releases : Yes

Whether presentations made to institutional investors or to the analysts : No

Whether Management Discussion & Analysis Report is a part of Annual Report : Yes

6. CEO/CFO Certification

A certificate from Shri Pankaj H. Valia, Chairman in his capacity as CEO on the financial statements of the Company was placed before the Board, as required by Clause 49(V) of the Listing Agreement.

7. General Shareholder information :

Annual General Meeting :

(a) Date, time and venue : Next Annual General Meeting will be held on Monday, 30th September, 2013 at 10.00 A. M. at THE HOTEL SHELTER PALACE, PLOT NO. 179A, SECTOR - 19C, BEHIND STATE BANK OF INDIA, DANA BUNDER, VASHI, NAVIMUMBAI - 400 705

(b) Financial Year : The Financial Year is from 1st April, 2013 to 31st March, 2014.

Tentative Schedule

Unaudited Results for quarter ending June 30, 2013 :	14th August, 2013
Unaudited Results for quarter ending Sep. 30, 2013 :	upto 14th November, 2013
Unaudited Results for quarter ending December 31, 2013 :	upto 14th February, 2014
Audited Results for year ending March 31, 2014 :	upto 30th May, 2014
AGM for year ending March 31, 2014:	End of September, 2014

(c) **Book Closure period :** Monday, 23rd September, 2013 to Monday, 30th September, 2013, both days inclusive.

(d) **Dividend payment date :** The Board of Directors have proposed dividend at the rate of Rupees 0.20 per share (10%). The dividend if approved by the shareholders will be paid within 30 days from the date of declaration of dividend i.e. on or before 29th October, 2013.

(e) **Listing on Stock Exchanges**

Stock Exchange :	BSE Limited
Address :	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
Stock Code :	522233
ISIN :	INE674D01026

(f) **Voluntary Delisting of the Company from Ahmedabad Stock Exchange Limited**

During the year under review, the Company, pursuant to the Compliance to Chapter III, Regulations 6, 7 and other applicable Regulations if any of SEBI (Delisting of Equity Shares) Regulations, 2009, had voluntarily delisted its shares from the Ahmedabad Stock Exchange Limited. The Company has received necessary permission from the said Stock Exchange vide its letter no. ASEL / 2012-13 /1036 dated 20th February, 2013. The Securities of the company have been removed from the list of Ahmedabad Stock Exchange Limited w.e.f. 21st February, 2013.

The Shares of the company are now listed only on BSE Ltd.

(g) **Stock Market Data:**

(i) The reported high and low closing prices during the year ended on March 31, 2013 on the BSE, where

Month	Price on BSE		BSE SENSEX	
	High	Low	High	Low
2012-2013				
April	26.25	21.35	17664.10	17010.16
May	27.00	21.50	17432.33	15809.71
June	30.10	26.00	17448.48	15748.98
July**	-	-	17631.19	16598.48
August	40.50	27.00	17972.54	17026.97
September	32.35	22.05	18869.94	17250.80
October	36.00	29.30	19137.29	18393.42
November	43.50	31.50	19372.70	18255.69
December	44.50	36.15	19612.18	19149.03
January	68.40	41.55	20203.66	19508.93
February	74.70	56.05	19966.69	18793.97
March	68.90	52.50	19754.66	18568.43

** Note: Company has fixed record date for giving effect for reduction & consolidation of Equity Shares as per the Composite Scheme of Arrangement and Amalgamation sanctioned by Hon'ble High Court of Bombay and accordingly dealing in the above securities of the Company was stopped from June 07, 2012 to August 21, 2012. Hence Stock Market data relating to this period is not available.

(ii) Performance in comparison to BSE Sensex

The performance of the Company's scrip on the BSE as compared to the Sensex is as under :

	1 April, 2012	31 March, 2013	% CHANGE
Company Share Price (Closing)	21.35	58.00	171.66
SENSEX (Closing)	17478.15	18835.77	7.77

(h) Registrar and Transfer Agent:

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents - M/s Link Intime India Private Limited quoting their Folio Number, Client ID and DP ID at the following address:

M/s Link Intime India Private Limited

Unit : VHCL Industries Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai - 400078

Tel.: 022 - 25963838; Fax: 25946969

E-mail: rnt.helpdesk@linkintime.co.in

(I) Share transfer system:

The share transfers which are received in physical form are processed and the share certificates returned within the stipulated period from the date of receipt, subject to the documents being valid and complete in all respects.

(j) Dematerialisation of shares and liquidity

The Company's Shares are available for Dematerialization on both the depository i.e. National Security Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). Further 35748583 shares amounting to 96.74% of the capital have been Dematerialised by investor as on 31st March, 2013. Equity shares are actively traded on BSE.

(k) Outstandings GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

41,00,000 Convertible warrant pending as on 31st March, 2013.

(l) Shareholding as on 31st March, 2013

(i) Distribution of Shareholding as on 31st March, 2013:

No. of Shares	No. of Shareholders	% of holding	No. of Shares	% of Shareholding
Upto 500	6412	87.2856	547708	1.4822
501-1000	641	8.7258	481831	1.3039
1001-2000	92	1.2524	137611	0.3724
2001-3000	23	0.3131	58255	0.1577
3001-4000	14	0.1906	51222	0.1386
4001-5000	21	0.2859	99901	0.2704
5001-10000	31	0.4220	241839	0.6545
10001-Above	112	1.5246	35333603	95.6203
Total	7346	100.00	36951970	100.00
Physical Mode	5439	74.04	1203387	3.26
Electronic Mode	1907	25.96	35748583	96.74

 (ii) Shareholding pattern as on 31st March, 2013:

Category	No. of Shares held	% to Total Shares
Promoter Group	22899540	61.97
Foreign Institutional Investors	1650	0.00
Bodies Corporate	1032373	2.79
Individuals shareholders holding nominal share capital up to Rs. 1 Lakh	2374810	6.43
Individuals shareholders holding nominal share capital up to Rs. 1 Lakh	10054393	27.21
NRI/Any other	589204	1.60
TOTAL	36951970	100.00

(m) Capital of the Company

The Authorised and Paid up Capital of the Company is Rs. 20.00 Crores and Rs. 7.39 Crores respectively.

(n) Plant Location:
Plastic Division

Survey No 285, Gala No II,
Main Khanvel Kherdi Road,
Village Kherdi Silvasa - 396230,
(U.T of Dadra Nagar Haveli)

Windmill

Village: Belwa Ranaji,
Taluka - Shergarh,
District - Jodhpur

Metal Division

Survey No. 17/6, 17/7/1, 18/5/1/1, 19/1,

Fanaspada, Coastal Highway Road,
P. O. Sanjan, Taluka: Umbergoan, Dist: Valsad

(o) Address for correspondence:

(i) For transfer/dematerialization of share, change of members' address and other queries relating to the shares of the Company

M/s. Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078
Ph.: +91-22 - 25946970, 25963838; Fax: 25946969
E-mail: rnt.helpdesk@linkintime.co.in

(ii) for queries related to dividend, annual reports, etc.

The Company Secretary
VHCL INDUSTRIES LIMITED
602, Casablanca Plot No 130,
CTS - 3A/5, Gulmohar Cross Road No 10,
JVPD Scheme, Vile Parle (West), Mumbai - 400 049
Tel. 022-26256468, Fax: 022-26253232
E-mail: cs@vhcl.co.in

(iii) The Company's Registered Office is situated at:

306, Commodity Exchange Building,
Plot No.2, 3 & 4, Sector - 19,
Vashi, Navi Mumbai 400705

(p) Non-Mandatory Requirements:

The Company is not yet implementing the non - mandatory requirements under Clause 49 of the Listing Agreement. However, adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and Senior Management Personnel of the Company have affirmed Compliance with the Company's Code of Business Conduct and Ethics, for the Year ended as on 31st March, 2013.

By order of the Board of Directors

**Sd/-
Pankaj H. Valia
Chairman & Managing Director**

**Place : Mumbai
Date : 14/08/2012**

CEO/ CFO CERTIFICATE

To,
The Board of Directors
VHCL Industries Limited
Mumbai

I, Pankaj H. Valia, in my capacity as Chief Executive Officer and Managing Director of VHCL Industries Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) I have reviewed the Balance Sheet and Statement of on profit and loss, Cash Flow Statement and the Director's Report for the year ended 31st March, 2013 and based upon our knowledge and information certify that
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain the statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting for the Company and I have:
 - (i) evaluated the effectiveness of internal control systems of the Company.
 - (ii) disclosed to the Auditors and the Audit Committee of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and
 - (iii) necessary steps taken or propose to be taken to ratify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that there have been:
 - (i) No significant changes in internal control over financial reporting during the year 2012 -2013;
 - (ii) No significant changes in accounting policies during the period 2012-13;
 - (iii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For and on behalf of the Board of Directors
For VHCL INDUSTRIES LIMITED**

**Sd/-
Pankaj H. Valia
Chairman & Managing Director**

**Place: Mumbai
Date: 14/08/2012**

REPORT ON CORPORATE GOVERNANCE

To

The Members of:

VHCL Industries Limited

306, Commodity Exchange Building,

Plot No.2, 3 & 4, Sector - 19,

Vashi, Navi Mumbai 400705

We have examined the compliance of conditions of Corporate Governance by **VHCL INDUSTRIES LIMITED** for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management; we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR PRS Associates
Company Secretaries

Sd/-
(Narayan Parekh)
Partner
M. No:ACS 8059

Place : Mumbai

Date : 14/08/2013

Independent Auditor's Report

To the Members of

VHCL Industries Private Limited.

We have audited the accompanying financial statements of VHCL Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-Section(3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-Section(4A) of Section227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by Section227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books, subject to Note No: 9 of the Notes to Accounts.
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this

Report are in agreement with the books of account.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section(3C) of Section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-Section(1) of Section274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Sarda Soni Associates
Chartered Accountants
FRN: 117235W**

**Manoj Kumar Jain
(Partner)
Membership No. : 120788**

**Place: Mumbai
Date: 29/05/2013**

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of VHCL Industries Limited on the accounts of the Company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- 2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During

the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the Register required to be maintained under that section.

b) As per information & explanations given to us and in our opinion, the transaction entered into by the Company with parties covered u/s 301 of the Act and aggregating during the year to Rs. 5,00,000/- (Rs. Five Lacs) or more in respect of each party has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-Section(1) of Section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial

institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company has invested in shares and proper records & timely entries have been made therein. The Investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Sarda Soni Associates
Chartered Accountants
FRN: 117235W

Place: Mumbai
Date: 29/05/2013

Manoj Kumar Jain
(Partner)
Membership No. : 120788

Balance Sheet as at 31 March, 2013

	Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
			AMOUNT	AMOUNT
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	73903940.00	63303940.00
	(b) Reserves and surplus	2	389973684.71	159554922.21
			463877624.71	222858862.21
2	Convertible Warrant application money		90100000.00	70000000.00
3	Non-current liabilities			
	(a) Long-term borrowings	3	341970375.64	180175096.01
	(b) Deferred tax liabilities (net)		6529195.00	9762757.00
	(c) Other long-term liabilities	4	0.00	11832613.00
	(d) Long-term provisions	5	1207414.00	652928.00
			349706984.64	202423394.01
4	Current liabilities			
	(a) Short-term borrowings	6	215757180.98	83099311.35
	(b) Trade payables	7	1585048869.48	830186984.31
	(c) Other current liabilities	8	170579996.98	9809138.03
	(d) Short-term provisions	9	65839229.00	25671497.00
			2037225276.44	948766930.69
	TOTAL		2940909885.79	1444049186.91
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		105462673.28	109327334.28
	(ii) Intangible assets		20101340.00	20101340.00
	(iii) Capital work-in-progress		156108262.00	146375091.00
	(iv) Intangible assets under development		0.00	0.00
	(v) Fixed assets held for sale		0.00	0.00
			281672275.28	275803765.28
	(b) Non-current investments	11	15205459.56	15205459.56
	(c) Deferred tax assets (net)		0.00	0.00
	(d) Long-term loans and advances		0.00	0.00
	(e) Other non-current assets	11-A	2384410.00	2490063.00
			17589869.56	17695522.56
2	Current assets			
	(a) Current investments		0.00	0.00
	(b) Inventories	12	358234698.00	82568241.56
	(c) Trade receivables	13	1975518909.60	885639799.58
	(d) Cash and cash equivalents	14	166195952.04	69407504.71
	(e) Short-term loans and advances	15	141698181.31	112934353.22
	(f) Other current assets		0.00	0.00
			2641647740.95	1150549899.07
	TOTAL		2940909885.79	1444049186.91
	Significant Accounting Policies and Notes to Accounts	25		
FOR SARDA SONI ASSOCIATES Chartered Accountants		For and on behalf of the Board of Directors		
Sd/- (MANOJ KUMAR JAIN) Partner M.NO:120788 Place : MUMBAI Date : 29/05/2013		Sd/- Director	Sd/- Director	Sd/- Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2013

	Particulars	Note	As at 31 March, 2013	As at 31 March, 2012
		No.	AMOUNT	AMOUNT
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	16	4801721126.02	2281659387.00
	Less: Excise duty		0.00	0.00
	Revenue from operations (net)		4801721126.02	2281659387.00
2	Other income	17	12120112.00	7355607.00
3	Total revenue (1+2)		4813841238.02	2289014994.00
4	Expenses			
	(a) Cost of materials consumed	18	4495741860.44	2061251210.33
	(b) Purchases of stock-in-trade	19	948581.00	1126856.00
	(c) Power & Fuel		12955979.00	10690589.00
	(d) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	39470047.02	(18541993.03)
	(e) Employee benefits expense	21	6392402.00	5047158.00
	(f) Finance costs	22	81665462.08	70681938.96
	(g) Depreciation and amortisation expense	10	14809400.00	16544486.78
	(h) Other expenses	23	34787431.98	38027525.11
	Total expenses		4686771163.52	2184827771.15
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		127070074.50	104187222.85
6	Exceptional items (Foreign Exchange Fluctuation Loss)	24	29143254.00	29992406.77
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		97926820.50	74194816.08
8	Extraordinary items		0.00	0.00
9	Profit / (Loss) before tax (7 + 8)		97926820.50	74194816.08
10	Tax expense:			
	(a) Current tax expense for current year		33500000.00	12409263.00
	(b) (Less): MAT credit (where applicable)		3525764.00	6664791.00
	(c) TDS of earlier year written off		70128.00	200886.00
	(d) Current tax expense relating to prior years		1707955.00	0.00
	(e) Net current tax expense		29974236.00	5744472.00
	(f) Deferred tax		3233562.00	1202563.00
			28518757.00	4742795.00
11	Profit / (Loss) from continuing operations (9 + 10)		69408063.50	69452021.08
B	DISCONTINUING OPERATIONS			
12.i	Profit / (Loss) from discontinuing operations (before tax)		0.00	0.00
12.ii	Add / (Less): Tax expense of discontinuing operations		0.00	0.00
13	Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)		0.00	0.00
14	Profit / (Loss) for the year (11 + 13)		69408063.50	69452021.08
15.i	Earnings per share (F.V. Rs. 2/- each):			
	(a) Basic		1.88	2.19
	(b) Diluted		2.14	2.19
15.ii	Earnings per share (excluding extraordinary items) (F.V. Rs. 2/- each):			
	(a) Basic		2.67	3.14
	(b) Diluted		3.04	3.14
	Significant Accounting Policies and Notes to Accounts	25		
FOR SARDA SONI ASSOCIATES		For and on behalf of the Board of Directors		
Chartered Accountants				
Sd/-		Sd/-	Sd/-	
(MANOJ KUMAR JAIN)		Director	Director	
Partner				
M.NO:120788				
Place : MUMBAI				
Date : 29/05/2013			Sd/-	
			Company Secretary	

Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Cash flows from used in operating activities		
Profit before extraordinary items and tax	127,070,075	104,187,223
Adjustments for reconcile profit (loss)		
Adjustments for finance costs	81,665,462	70,681,938
Adjustments for depreciation and amortisation expense	14,809,400	16,544,487
Interest Received	12,120,112	0
Provisions Made	9,822,141	0
Misc. Expenditure w/off	105,653	0
	221,352,619	191,413,648
Adjustments for working capital		
Adjustments for decrease (increase) in inventories	(275,666,456)	19,915,203
Adjustments for decrease (increase) in trade receivables	(1,089,879,110)	(332,192,331)
Adjustments for decrease (increase) in other current and non-current assets	(15,317,439)	0
Adjustments for increase (decrease) in trade payables	754,861,885	270,761,694
Adjustments for increase (decrease) in other current and non-current liabilities	293,428,729	0
Cash flows from (used in) operations	(332,572,392)	(41,515,433)
Income Tax Paid	(13,446,389)	(13,294,747)
Cash Flow before extra ordinary items	(346,018,781)	(54,810,180)
Extra-ordinary items		
Forex Gain / (Loss)	(29,143,254)	(29,992,407)
Prior Period Adjustments	(1,778,083)	(200,886)
Net cash flows from (used in) operating activities	(155,587,499)	106,410,175
Cash flows from used in investing activities		
Change in Tangible Assets	(20,677,911)	(162,602,593)
Cash advances and loans (Made) / Repayment	0	(35,229,314)
Investments made	0	(4,772,810)
Interest received	12,120,112	0
Net cash flows from (used in) investing activities	(8,557,799)	(202,604,717)
Cash flows from used in financing activities		
Borrowings	149,962,667	109,390,313
Interest Expense	(81,665,462)	(70,681,938)
Share Premium Received	169,600,000	0
Divident Paid (including divident tax)	(7,663,460)	(7,357,343)
Increase in Share Capital	10,600,000	70,000,000
Warrant Application Money Received	20,100,000	0
Net cash flows from (used in) financing activities	260,933,745	101,351,032
Net increase (decrease) in cash and cash equivalents	96,788,447	5,156,490
Cash and cash equivalents at start of period	69,407,505	64,250,415
Cash and cash equivalents at end of period	166,195,952	69,407,505

FOR SARDA SONI ASSOCIATES
Chartered Accountants

Sd/-
(MANOJ KUMAR JAIN)
Partner
M.NO:120788
Place : MUMBAI
Date : 29/05/2013

For and on behalf of the Board of Directors

Sd/-
Director

Sd/-
Director

Sd/-
Company Secretary

Notes forming part of the financial statements
Note 1 : Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Equity Shares of FV. Rs. 2/- each (Previous Year: Equity Shares of FV Rs. 10/- each)	100,000,000	200000000.00	100,000,000	200000000.00
(b) Issued/ Subscribed & Paid up : Equity Shares of FV. Rs. 2/- each (Previous Year: Equity Shares of FV Rs. 10/- each)	36,951,970	73903940.00	1,500,020	3000040.00
(c) Equity Share Suspense	-	0.00	30,151,950	60303900.00
Total	36,951,970	73903940.00	31,651,970	63303940.00

Note

- a) During the year, the Company has issued 94,00,000 warrants of Rs. 2/- each at a premium of Rs. 32/- each convertible into one Equity share of Rs. 2/- each at the option of the warrant holder at any time after the date of allotment but on or before the expiry of 18 months.
- b) During the year, out of 94,00,00 convertible warrants, the Company has issued 53,00,000 Equity Shares of Rs. 2/- each on account of conversion of Convertible Warrants at a premium of Rs. 32/- per share on preferential basis. The issue proceeds have been utilised for long term working capital, for expansion and support growth plans of the Company and/or general corporate purpose.
- c) The Company has issued only one class of equity shares having par value of Rs. 2/- each. Each Equity shareholders is entitled to one vote per share.
- d) During the year ended 31st March, 2013, the amount per share dividend recognised as distribution to equity shareholder was Rs.0.20 per share (Previous Year Rs.0.20 per share)

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	Number of shares	Amount
Equity shares with voting rights		
Equity shares at the beginning of the year (FV. 10/-)	31,651,970	63303940.00
Convertible Warrants transferred to Equity Shares	5,300,000	10600000.00
Equity shares at the end of the year (FV. 2/-)	36,951,970	73903940.00

(b) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	held% holding in that class of shares
Equity shares with voting rights				
API INDUSTRIES PRIVATE LIMITED	15,000,000	40.59	15,000,000	49.39
PANORAMA CAPITAL MARKET LIMITED	-	0	2,380,326	7.52
PANKAJ H. VALIA	4,050,000	10.96	4,050,000	12.8
BHARAT H. VALIA	3,150,000	8.52	3,150,000	9.95

Note 2 : Reserves and surplus

Particulars	As at 31 March, 2013	As at 31 March, 2012
(i) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	160564456.21	98469778.13
Add: Profit / (Loss) for the year	69408063.50	69452021.08
Amounts transferred from:		
General reserve	0.00	0.00
Share Premium	169600000.00	0.00
Other reserves (give details)	0.00	0.00
Less: Interim dividend	0.00	0.00
Dividends proposed to be distributed to equity shareholders (Rs. 0.20 per share)	7390394.00	6330394.00
Dividends proposed to be distributed to preference shareholders (` ___ per share)	0.00	0.00
Tax on dividend	1198907.00	1026949.00
Transferred to:		
General reserve	0.00	0.00
Capital redemption reserve	0.00	0.00
Debenture redemption reserve	0.00	0.00
Other reserves (give details)	0.00	0.00
Closing balance	390983218.71	160564456.21
Less: Debit Balance of Jhaveri Weldflux Ltd	1009534.00	1009534.00
Total	389973684.71	159554922.21

Notes forming part of the financial statements
Note 3 : Long-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Term loans		
From banks		
Secured (SBI Term Loan)	52487068.00	65404831.00
Unsecured	0.00	0.00
From other parties		
Secured	9403583.00	991722.96
Unsecured	280079724.64	113778542.05
Total	341970375.64	180175096.01

Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security*	As at 31 March, 2013		As at 31 March, 2012	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks: SBI	Secured against hypothecation of Windmill Plant at Jodhpur (Corporate Guarantee of API Industries Pvt. Ltd)	52487068.00	0.00	65404831.00	0.00
Total - Term loans from banks		52487068.00	0.00	65404831.00	0.00
Deposits: Public deposits API Industries Pvt. Limited			68100000.00	0.00	60000000.00
Total - Deposits		0.00	68100000.00	0.00	60000000.00
Loans and advances from related parties: API Industries Private Limited		0.00	0.00	0.00	53778542.05
Total - Loans and advances from related parties		0.00	0.00	0.00	53778542.05
Other loans and advances: Tata Capital Limited	(Secured against hypothecation of vehicles)	0.00	0.00	991722.96	0.00
Kotak Mahindra Prime Ltd	(Secured against hypothecation of vehicles)	9403583.00	0.00	0.00	0.00
Kotak Mahindra Bank Ltd	(Secured against Advance Post dated Cheques)	0.00	4684101.00	0.00	0.00
Magma Fincorp Ltd	(Secured against Advance Post dated Cheques)	0.00	2233227.64	0.00	0.00
S. E. Investment Ltd	(Personal Guarantee of Directors & Corporate Guarantee of UIC Corporation Pvt. Ltd and API industries Pvt. Ltd)	0.00	6500000.00	0.00	0.00
Tata Capital Financial Services Ltd	(Secured against Advance Post dated Cheques)	0.00	2058396.00	0.00	0.00
Trinex Holdings Corporation		0.00	126504000.00	0.00	0.00
Uniplas International EST		0.00	70000000.00	0.00	0.00
Total - Other loans and advances		9403583.00	211979724.64	991722.96	0.00
TOTAL		61890651.00	280079724.64	66396553.96	113778542.05

Note 4 : Other Long-term Liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unsecured Deposits	0.00	11832613.00
Total	0.00	11832613.00

Note 5 : Long-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Provision for employee benefits:		
(i) Provision for compensated absences		
(ii) Provision for gratuity (net)	1207414.00	652928.00
(iii) Provision for post-employment medical benefits		
(iv) Provision for other defined benefit plans (net)		
(v) Provision for other employee benefits (give details)		
TOTAL	1207414.00	652928.00

Details of long-term borrowings guaranteed by some of the directors or others :

Particulars	As at 31 March, 2013	As at 31 March, 2012
Bonds / debentures	Personal Guarantee of	Personal Guarantee of
Term loans from banks	Directors	Directors
Term loans from other parties		
Deferred payment liabilities		
Deposits		
Loans and advances from related parties		
Long-term maturities of finance lease obligations		

Notes forming part of the financial statements
Note 6 : Short-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans repayable on demand		
From banks		
Secured (SBI Cash Credit)	97988986.98	81584640.35
(Unsecured against Stock and Book Debts both present and future Personal Guarantees of the Directors)		
Unsecured	0.00	0.00
From other parties		
Secured	0.00	0.00
Unsecured	0.00	0.00
(b) Loans and advances from related parties		
Secured	0.00	0.00
Unsecured Loans from Directors & Ex-Directors	848693.00	1514671.00
(c) Deposits		
Secured	0.00	0.00
Unsecured	0.00	0.00
(d) Other loans and advances (specify nature)		
Secured	0.00	0.00
Unsecured- Gujarat Packaging	116919501.00	0.00
Total	215757180.98	83099311.35

Note 7 : Trade payables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade payables:		
Acceptances	770977321.00	572492143.00
Other than Acceptances	814071548.48	257671955.31
Sundry Creditors (JWL)	0.00	22886.00
Total	1585048869.48	830186984.31

Note 8 : Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Unpaid dividends	122922.60	429040.00
(b) Other payables		
(i) Statutory remittances	0.00	5169152.00
(a) C.S.T. Payable	8284308.98	0.00
(b) TDS Payable	1476470.00	0.00
(c) P.F. Payable	30430.00	0.00
(d) Income Tax (A.Y.2010-11)	86200.00	0.00
(ii) Provision for Gratuity	0.00	25124.00
(iii) Contractually reimbursable expenses	0.00	390109.00
(iv) Advances from customers	160500365.40	3475131.03
(v) Others (specify nature) (Staff Deposit)	79300.00	80500.00
(vi) Other current liabilities (JWL)	0.00	240082.00
Total	170579996.98	9809138.03

Note 9 : Short-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Provision - Others:		
(i) Provision for tax A.Y.2011-12	12569682.00	12569682.00
(ii) Provision for Tax A.Y. 2012-13	5744472.00	5744472.00
(iii) Provision for Tax A.Y. 2013-14	29974236.00	0.00
(iv) Provision for proposed equity dividend	7390394.00	6330394.00
(v) Provision for tax on proposed dividends	1198907.00	1026949.00
(vi) Provision for expenses	685196.00	0.00
(vii) Provision for raw material	8276342.00	0.00
Total	65839229.00	25671497.00

Notes forming part of the financial statements

Note 10 : Fixed assets

A.	Tangible assets	Gross block									
		Balance as at 1 April, 2012	Auditions	Disposals	Acquisitions through Combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustment	Balance as at 31 March, 2013
	(a) Land										
	Freehold	14531250.00	8153500.00	-	-	-	-	-	-	-	22684750.00
	Leasehold *	2000000.00									2000000.00
	(b) Plant and Equipment										
	Owned	53732821.75	204980.00	-	-	-	-	-	-	-	53937801.75
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(c) Furniture and Fixtures										
	Owned	798430.00	0.00	-	-	-	-	-	-	-	798430.00
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(d) Vehicles										
	Owned	2386236.00	2458421.00	-	-	-	-	-	-	-	4844657.00
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(e) Office equipment										
	Owned	1137438.00	21930.00	-	-	-	-	-	-	-	1159368.00
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(f) Others (specify nature):-										
	Wind Mill										
	Owned	106995560.00	0.00	-	-	-	-	-	-	-	106995560.00
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(i) Computer										
	Owned	279050.00	105909.00	-	-	105462673.28	-	-	-	-	384959.00
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Taken under operating lease	-	-	-	-	-	-	-	-	-	-
	Total	181860785.75	10944740.00	-	-	-	-	-	-	-	192805525.75
	Previous year	165633283.75	16227502.00	-	-	-	-	-	-	-	181860785.75

Note 10 Fixed assets (contd.)

A.	Tangible assets	Accumulated depreciation and impairment							Net block		
		Balance as at 1 April, 2012	Depreciation / amortisation expenses for the year	Eliminated on disposal of assets	Eliminated reclassification as held for sale	Impairment losses recognised in statement of Profit and Loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other Adjustments	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
	(a) Land										
	Freehold	0	0.00	-	-	-	-	-	0.00	22684750.00	14531250.00
	Leasehold *	0	0.00	-	-	-	-	-	0.00	2000000.00	2000000.00
	(b) Plant and Equipment										
	Owned	38055694.14	2196574.71	-	-	-	-	-	40252269.84	13685531.91	15677127.62
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(c) Furniture and Fixtures										
	Owned	197014.09	108856.28	-	-	-	-	-	305870.37	492559.63	601415.91
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(d) Vehicles										
	Owned	853908.92	948744.87	-	-	-	-	-	1802653.79	3042003.21	1532327.08
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(e) Office equipment										
	Owned	261736.32	124141.83	-	-	-	-	-	385878.15	773489.85	875701.68
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(f) Others (specify nature):-										
	Wind Mill										
	Owned	33055988.9	11334936.25	-	-	-	-	-	44390925.15	62604634.85	73939571.10
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Given under operating lease *	-	-	-	-	-	-	-	-	-	-
	(i) Computer										
	Owned	109109.11	96146.06	-	-	-	-	-	205255.17	179703.83	169940.89
	Taken under finance lease *	-	-	-	-	-	-	-	-	-	-
	Taken under operating lease *	-	-	-	-	-	-	-	-	-	-
	Total	72,533,451.48	14,809,400.00	-	-	-	-	-	87342851.48	105462673.28	109327334.28
	Previous year	55988964.69	16544486.80	-	-	-	-	-	72533451.49	109327334.28	0.00

Notes forming part of the financial statements

Note 11 : Non-current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade @						
(a) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of associates (Share Application Money of Hardik Industrial Company Pvt. Ltd)	0.00	2000000.00	2000000.00	0.00	2000000.00	2000000.00
(ii) of joint venture companies						
(iii) of controlled special purpose entities						
(iv) of other entities (UNITECH INTERNATIONAL LIMITED)	13205459.56	-	13205459.56	13205459.56	-	13205459.56
(v) of other suspended equity shares listed on BSE	0.00	0.00	0.00	0.00	0.00	0.00
(b) Investment in preference shares (give details separately for fully / partly paid up shares)						
(i) of subsidiaries						
(ii) of associates						
(iii) of joint venture companies						
(iv) of controlled special purpose entities						
(v) of other entities (give details)						
(c) Investment in debentures or bonds (give details separately for fully / partly paid up debentures / bonds)						
(i) of subsidiaries						
(ii) of associates						
(iii) of joint venture companies						
(iv) of controlled special purpose entities						
(v) of other entities (give details)						
(d) Investment in partnership firms (Refer Note below)						
(e) Other non-current investments (specify nature)						
Total - Trade (A)	13205459.56	2000000.00	15205459.56	13205459.56	2000000.00	15205459.56

Note 11-A : Other Non-current Assets	As at 31.03.2013	As at 31.03.2012
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses	157312.00	162694.00
Less : 1/10th Written Off	98091.00	5382.00
A	59221.00	157312.00
Public Issue Expenses	2823201.00	2412524.00
Less : Proportionate Expenses Written Off	498012.00	79773.00
B	2325189.00	2332751.00
(A + B)	2384410.00	2490063.00

Notes forming part of the financial statements
Note 12 : Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Raw materials	349621698.00	34485194.54
(b) Finished goods (other than those acquired for trading)	8613000.00	48083047.02
Total	358,234,698.00	82,568,241.56

Note 13 : Trade Receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Secured, considered good		
Unsecured, considered good Doubtful	84,498,821.60	54,437,481.00
Less: Provision for doubtful trade receivables	0	0
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	1,891,020,088.00	830,618,089.58
Doubtful	0.00	584,229.00
Less: Provision for doubtful trade receivables	0	0
Total	1,975,518,909.60	885,639,799.58

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
Directors *		
Other officers of the Company *		
Firms in which any director is a partner (give details per firm)		
Private companies in which any director is a director or member	9,539,752.00	13,401,528.00
Total	9,539,752.00	13,401,528.00

Notes forming part of the financial statements
Note 14 : Cash and cash equivalents

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Cash on hand	1106724.67	737578.29
(b) Balances with banks		
(i) In current accounts		
Bank of India	(268859.00)	0.00
Central Bank of India	5932.00	0.00
HDFC Bank Ltd	477347.25	901671.42
Union Bank of India	5357.00	11416.00
Allahabad Bank	0.00	13387.00
	219777.25	1664052.71
(ii) In EEFC accounts		
(iii) In deposit accounts (Refer Note (i) below)		
(iv) In earmarked accounts		
- Unpaid dividend accounts		
HDFC Bank Dividend A/c 00602230016993	122972.60	0.00
- Unpaid matured deposits		
- Unpaid matured debentures		
- Share application money received for allotment of securities and due for refund		
- Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below)	161488012.52	64743452.00
- Other earmarked accounts (specify) (Refer Note (ii) below)		
(d) Others (specify nature) : Fixed deposit (Collateral to SBI)	3258465.00	3000000.00
Total	166195952.04	69407504.71

Notes forming part of the financial statements
Note 15 : Short-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good	0.00	0.00
Doubtful	0.00	0.00
Less: Provision for doubtful loans and advances	0.00	0.00
Total	0.00	0.00
(b) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	0.00	73000.00
Doubtful		
Total	0.00	73000.00
Less: Provision for doubtful loans and advances	0.00	0.00
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	2827399.00	396591.00
(d) Balances with government authorities		
Unsecured, considered good		
(i) Custom Duty receivable	3163122.00	3163122.00
(ii) VAT credit receivable	0.00	108000.00
(iii) Service Tax credit receivable	0.00	0.00
(iv) SAD Refund Claim	15014066.00	0.00
(v) TDS And Advance tax :		
TDS A.Y. 2011-12	278931.79	349059.79
TDS A.Y. 2012-13	382917.00	382917.00
TDS A.Y. 2013-14	1201917.00	0.00
Income Tax A.Y. 2011-12	12700000.00	12700000.00
Advance Tax A.Y. 2012-13	3000000.00	3000000.00
Income Tax A.Y. 2012-13	5744472.00	0.00
Advance Tax A.Y. 2013-14	6500000.00	0.00
Total	47985425.79	19703098.79
(e) Inter-corporate deposits		
Secured, considered good	0.00	0.00
Unsecured, considered good	0.00	0.00
Doubtful	0.00	0.00
Total	0.00	0.00
Less: Provision for doubtful inter-corporate deposits	0.00	0.00
(f) Others (specify nature)		
Secured, considered good		
Unsecured, considered good : Advances to creditors	71785601.52	61899624.43
Lease Rent	2718000.00	2718000.00
Deposit for power	500000.00	500000.00
Accrued interest on FDR	7731906.00	2193612.00
Solid carbide tools limited	5912195.00	25450427.00
S.E. Investments Limited	2089654.00	0.00
VAT Deposit	148000.00	0.00
Total	90885356.52	92761663.43
Less: Provision for other doubtful loans and advances	0.00	0.00
Total	90885356.52	92761663.43
Total	141698181.31	112934353.22

Notes forming part of the financial statements
Note 16 : Revenue from operations

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Sale of products @ (Refer Note (i) below)	4801721126.02	2281248717.00
Sale of products (JWL)	0.00	410670.00
Total	4801721126.02	2281659387.00

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Note: (i) Sale of products comprises @:		
Manufactured goods		
Plastic Granules	4786133723.02	2265105916.00
Others - Wind Mill Power	15587403.00	16142801.00
Sale of products (JWL)	0.00	410670.00
Total - Sale of manufactured goods	4801721126.02	2281659387.00

Note 17 : Other income

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Interest income (Refer Note (i) below)	11757126.00	3699724.00
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	0.00	0.00
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	362986.00	3655883.00
Total	12,120,112.00	7,355,607.00

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Note: (i) Interest income comprises:		
Interest from banks on:		
deposits	8256124.00	3699724.00
other balances		
Other interest (Interest on Loan)	3501002.00	
Total - Interest income	11757126.00	3699724.00
Note: (ii) Other non-operating income comprises:		
Miscellaneous income : Discount Received	0.00	3203.00
Insurance Claim	0.00	1800.00
LC Profit	362986.00	3649072.00
Buyers Credit	0.00	
Other Income (Dividend)	0.00	1808.00
Total - Other non-operating income	362986.00	3655883.00
Note: (iii) Details of Prior period items (net)		
Prior period income (give details)	0.00	0.00
Prior period expenses (give details)		
Total	0.00	0.00

Notes forming part of the financial statements
Note 18: Cost of materials consumed

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Opening stock	34485194.54	72932147.15
Add: Purchases	4810878363.90	2022804257.72
	4845363558.44	2095736404.87
Less: Closing stock	349621698.00	34485194.54
Cost of material consumed	4495741860.44	2061251210.33

Note 19 : Purchase of traded goods

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Other items	948581.00	857403.00
Cost of Trading Goods (JWL)	0.00	269453.00
Total	948581.00	1126856.00

Note 20 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Inventories at the end of the year:		
Finished goods	8613000.00	48083047.02
Work-in-progress		
Stock-in-trade		
	8613000.00	48083047.02
Inventories at the beginning of the year:		
Finished goods	48083047.02	29541053.99
Work-in-progress		
Stock-in-trade		
	48083047.02	29541053.99
Net (increase) / decrease	(39470047.02)	18541993.03

Notes forming part of the financial statements
Note 21 : Employee benefits expense

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Salaries and wages	5560855.00	4092911.00
Contributions to provident and other funds	207371.00	177576.00
Staff welfare expenses	94814.00	98619.00
Gratuity	529362.00	678052.00
Total	6392402.00	5047158.00

Note 22 : Finance costs

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Interest expense on:		
(i) Borrowings	32937231.00	22379167.00
(ii) Others		
- Others (give details)	14837026.08	48302771.96
- Buyer's Credit Charges	33891205.00	0.00
Total	81665462.08	70681938.96

Note 23 : Other expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Advertisement Expenses	99885.00	0.00
Bank Charges & Commission	10121628.91	0.00
Rent including lease rentals	4075179.00	3034943.00
Repairs and maintenance - Buildings	308676.94	1325829.66
Repairs and maintenance - Machinery	74832.00	221746.75
Repairs and maintenance - Others (Wind Mill)	2265925.80	2133462.67
Bank Loan Processing Fees	4642277.60	0.00
Insurance	1997064.00	1056944.00
Communication	152032.81	138014.00
Travelling and conveyance	540472.11	150884.99
Printing and stationery	342804.26	123513.00
Freight and forwarding	53480.00	71031.80
Sales discount	31413.00	322856.00
Business promotion	0.00	133296.88
Legal and professional	4288158.00	1926280.00
Other Expenses	373321.19	26413510.36
Payments to auditors	67416.00	33708.00
Postage and Courier	333531.00	0.00
Security Charges	333250.00	0.00
Legal and Technical	1851703.00	0.00
License Fees	121250.00	0.00
ROC and Listing Fees	158585.00	0.00
Subscription	51241.00	0.00
Electricity Expenses	140220.00	0.00
Donation Expenses	1546000.00	0.00
Motor Cars Expenses	222290.36	0.00
Other Expenses (JWL)	0.00	941504.00
Misc. Expenses W/off	594795.00	0.00
Total	34787431.98	38027525.11

Note 24 : Exceptional items

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Forex Loss	29143254.00	29992406.77
Total	29143254.00	29992406.77

VHCL INDUSTRIES LIMITED

NOTE: 25- SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Accounting :

The accounts have been prepared under the historical cost convention on an accrual basis as a going concern and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/ advances etc. Actual results could differ from these estimates.

b) Revenue recognition :

Revenue recognized and expenses incurred are accounted on accrual basis and in accordance with the requirements of the Companies Act, 1956. Sales are recognized on dispatch of goods to Customers.

c) Fixed Assets :

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of cenvat and vat) and any directly attributable cost of bringing the assets to its working condition for its intended use.

d) Depreciation :

Depreciation is provided on a pro-rata basis, from the date the assets have been installed and put to use, on a Written down value method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956.

e) Investments :

Investments are valued at cost and are long term in nature. Provision for permanent Diminution in value is made wherever necessary.

f) Employees retirement benefits :

1. Defined Contribution Plans

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits, which is administered by the respective Government authorities, and has no further obligations beyond making its contribution, which is expected in the year to which it pertains.

2. Defined benefit plans

The Company has introduced defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

3. Employee Leave Entitlement

Employee leave entitlement is provided in the books on cash basis.

g) Inventories :

- i) Inventories of Raw Materials are valued at cost.
- ii) Stores & Spares are valued at cost.
- iii) Cost of finished goods includes an appropriate proportion of overheads. Finished Goods has been valued at cost or market value whichever is lower.

h) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualified asset are capitalised. Other borrowing costs are expensed out.

i) Excise Duty

The Company is fully exempted from payment of excise duty on goods manufactured by it vide Notification No: 6/2002 CE Dated 1st March, 2002 covered by General Exemption No: 52.

j) Taxation

Provision for DTA/DTL has been made in the books of accounts as required under the Accounting Standard (AS)-22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI).

k) Foreign Currency Transactions

Foreign Currency transactions are converted at the rates prevailing on the dates of transactions. Foreign Currency assets and liabilities are converted at contracted/ at the exchange rate prevailing at the balance sheet date as applicable. Gain / (Loss) on closing rates of reporting date of revenue transactions in the same year are charged to "Foreign Exchange Fluctuation Gain/ (Loss) Account" in the Profit and Loss Account.

l) Impairment of assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

m) Provisions, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

n) Leases :

The Company has taken on sub-lease basis land measuring 706.63 Hectors situated at Village: Bhalu Kalla, Bastwa, Bastwa Mataji, Sagatnagar, Belwa Ranaji, Ketu Kalla, Tehsil Shergarh, Dist. Jodhpur from Suzlon Energy Limited for setting up 2.10 MW Wind Power Plant for generation of Wind Power which is directly supplied to Jodhpur Vidyut Vitran Nigam Limited under Power Purchase Agreement for a period of 20 years.

NOTES TO THE ACCOUNTS

1. The Company did not have any employee drawing remuneration of Rs. 60,00,000/- p.a. or Rs.5,00,000/- per month if employed for a part of the year.
2. Leave Encashment is accounted for on Cash Basis as and when paid.

3. Sales (including Deemed Exports):

Particulars	2012-13		2011-12	
	Qty /Units	Amount	Qty	Amount
Sales - Deemed Exports (M.T.)	1,033.000	83,581,125	936.262	73,636,619
- High Seas Sales (M.T.)	15,786.081	998,272,371	17,077.745	662,214,071
- Domestic Sales (M.T.)	38,671.497	3,704,280,227	18,514.805	1,529,255,226
- Wind Power Sales (KWH)	3,641,917	15,587,403	3,771,684	16,142,801
Sales - Jhaveri Weldflux Ltd.	-	-	-	410,670
Total		4,801,721,126		2,281,659,387

4. Earning per Share: (Basic and diluted Earnings per share computed in accordance with Accounting Standard -20 'Earnings per Share'

	2012-13	2011-12
(a) Net profit after Tax available to Equity Share Holders	69408063.50	69452021.08
(b) Number of Equity Shares of Rs. 2/- each outstanding during the year (Previous year of Rs. 2/- each)	36951970	31651970
(c) Weighted Average Number of Equity Shares of Rs. 2/- each outstanding during the year /- (Previous Year of Rs. 2/- each)	32535303	31651970
(d) Basic Earning Per share Rs. (a/b)	1.88	2.19
(e) Diluted Earning Per share	2.13	2.19

5. Contingent Liabilities: Current Year Nil and Previous years Rs. 16.22 Lacs (Income tax demand for A.Y 2009-10)
6. Value of imports calculated on CIF basis -

	2012-13	2011-12
Raw Material	3,59,12,79,845	1,523,227,014.67
Capital Goods	16,077	146,375,091.00

**7. Expenditure in Foreign Currency - for import of Raw Material
US \$ 65,747,563.00 (equivalent in Rs. 3,591,279,845)**
8. Quantitative & other information pursuant to requirement of Paragraph 3, 4C & 4D of Part -II of Schedule VI of the Companies Act, 1956.
(a) Quantitative information in respect of goods manufactured:

Particulars	2012-2013		2011-2012	
	Qty. (M.T.)	Rs.	Qty. (M.T.)	Rs.
a) Licensed & Installed Capacity	23,388	--	23,388	--
i) Licensed Capacity				
Reprocessed Plastic Granules	23,388	--	23,388	--
ii) Installed Capacity				
Reprocessed Plastic Granules	33,390	--	23,388	--

(b) Stock of Finished Goods

Particulars	2012-13		2011-12	
	Qty.	Amount	Qty.	Amount
i) Opening Stock of Finished Goods	670.562	480,83,047	503.256	29,541,054
ii) Production	33,302.321	-	19,618.373	-
iii) Sales				
a) Deemed Exports (M.T.)	1,033.000	83,581,125	936.262	73,636,619
b) High Seas Sales (M.T.)	15,786.081	998,272,371	17,077.745	662,214,071
c) Domestic Sales (M.T.)	38,671.497	3,704,280,227	18,514.805	1,529,255,226
d) Wind Power Sales (KWH)	3,641,917	15,587,403	3,771,684	16,142,801
iv) Closing Stock (M.T.)	97.628	86,13,000	670.562	48,083,047

(c) Raw Material consumed

Particulars	2012-13		2011-12	
	Qty. (M.T.)	Rs.	Qty. (M.T.)	Rs.
Plastic waste /Scrap	35147.568	2938031374.44	20534.784	2061251210.33

(d) Stores & Spare Parts

Particulars	2012-13	2011-12
	Rs.	Rs.
Consumed (100% indigenous)	948,581	857,403

9. Related party disclosures as required by AS-18 issued by ICAI (as identified by the Management)

a. Name of the related party and nature of related party relationship where control exist.

Sr. No.	Name of the related party	Relationship
1	API INDUSTRIES PVT LTD	Director Shri Pankaj H. Valia is Director in the Company
2	GUJRAT PACKAGING	Director Shri Pankaj H. Valia Partner In the Firm
3	UIC CORPORATION PVT LTD	Director Shri Pankaj H. Valia is Director in the Company
4.	PMS EXPORTS PVT LTD	Director Shri Pankaj H. Valia is Shareholder and Shri Harshadrai Bosmia is a Ex-director
5.	UNITECH INTERNATIONAL LTD	Director Shri Pankaj H. Valia is Director in the Company
6.	SILVER TOP AGRO (INDIA) PVT. LTD	Director Shri Pankaj H. Valia is Director in the Company

7.	JAYESH PRAFUL JHAVERI	Director in the Company
8.	KAVITA JAYESH JHAVERI	Director's wife and Ex-Director
9.	PLASTLINK POLYMERS INDIA PVT LTD	Director Shri Hardik Valia and Shri Bhusan Valia are relative of Shri Pankaj Valia (Director in the Company)
10.	HARDIK INDUSTRIAL CORP. PVT LTD	Director Shri Bharat H. Valia and Shri Bhusan P. Valia are relative of Shri Pankaj H. Valia (Director in the Company)
11.	YOGA TRADING PVT LTD	Director Harshadrai Bosmia is Director in Company.
12.	SHANT TRADING PVT LTD	Director Harshadrai Bosmia is Director in Company.
13.	JSN TRADE PVT LTD	Director Harshadrai Bosmia is Director in Company.

b. Transactions with related parties for the year ended 31.03.2013

Type of related Party	Description of the nature of transaction	Volume of transactions for the year	Outstanding As On 31.03.2013
API Industries Pvt Ltd	Purchase	48,678,300	34,305,103
	Interest Paid	3,292,468	-
	Loan-Interest Paid	8,100,000	68,100,000
Gujarat Packaging	Interest Received	3,401,386	116,919,501
UIC Corporation Pvt Ltd	Rent	324,000	-
	Sales	180,986,312	22,099,672.4
	Deposit	-	1,100,000
PMS Exports Pvt. Ltd	Sales	122,339,379	9,539,752
	Purchase	41,229,497	4,603,975
Unitech International Limited	Sales	132,284,246	137,285,449
	Investment	-	13,205,459
	Creditor	-	5,857,580
Plast Link Polymers India Pvt Ltd.	Sales	23,364,529	23,364,529
		1,300,000	1,300,000
Jayesh Praful Jhaveri	Loan		
Kavita Jayesh Jhaveri	Loan		

9. Some of the Balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations, adjustments, if any, which in the opinion of the Management will not be significant. The confirmation of Debtors are subject to verification.

The Company has filed case under Section 138 of the Negotiable Instruments Act, 1881 in the Metropolitan Court at Mumbai against 2 parties namely M/s. K.J.International for Rs. 55,27,353/- and M/s S.D.L Steel Pvt. Ltd for Rs. 1,06,55,770/- for recovery of amount outstanding along with interest etc. The Management is of the opinion that the amount outstanding will be recovered as the matter is being pursued in the Court and adequate steps are being taken.

10. In the opinion of Board, the Current Assets, Loans and Advances are approximately of, if realized, in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
11. Managerial Remuneration of Rs. 2,50,000/- per month was given to Shri Pankaj H. Valia, Managing Director during the year under review.

Rs. in Lakhs

Particulars	2012-13	2011-12
Salary	12.50	0.00

12. Employee Benefits

As per Accounting Standard -15 "Employee Benefits" the disclosure of employee benefits is given below :

- i) Defined Contribution Plans: The amounts of contribution to Provident Fund recognized as expenses during the year is Rs.190338/- (Previous Year Rs 177576/-).
- ii) Defined benefits plans for gratuity

The following table sets out the status of the Gratuity plan for the year ended 31st March, 2013 as required under AS 15(Revised)

		Gratuity (Non Funded)
a)	Change in present value of obligation	
	PVO at the beginning of period i.e.1.4.2012	678,052
	Interest Cost	58,651
	Service Cost	298,350
	Benefits paid	0
	Actuarial (gain)/Loss on obligation	172,361
	PVO at the end of the period i.e. 31.03.2013	1,207,414
b)	Change in fair value plan assets	
	Fair Value of the plan assets as at 1.4.2012	0
	Expected return on plan assets	0
	Contributions	0
	Benefits paid	0
	Actuarial gain/(loss) on plan assets	0
	Fair Value of Plan assets as at 31.03.2013	0
c)	Amount Recognized in the Balance Sheet	
	PVO as at 31st March, 2013	1,207,414

	Fair Value of Plan Assets as at 31.03.2013	0
	Assets/(Liabilities) recognized in the Balance Sheet	(1,207,414)
	(shown as provisions in the Schedule I-Current	
	Liabilities and provisions)	
d)	Expenses recognized during the year	
	Current Service Cost	298,350
	Interest Cost	58,651
	Expected return on Plan Assets	0
	Net Actuarial (gain)/loss to be recognized	172,361
	Expenses recognized in the Statement of Profit & Loss Account	529,362
e)	Assumptions used in accounting for the gratuity plan	
	Mortality Rate	LIC(1994-96)Ult.
	Discount Rate	8.06%
	Salary Escalation rate	15%
	Expected rate of return on plan assets	5%

13. Since the windmill power generation segment is not significant as defined in AS- 17 , the Company is considered to be a single segment company - engaged in one business segment namely reprocessed plastic granules , hence segment wise reporting as required under AS-17 issued by ICAI is not applicable.

14. Auditors remuneration:-

To Sarda Soni Associates, Chartered Accountants :

- | | |
|--|--------|
| 1. Audit Fees (including Tax Audit Fees) | 60,000 |
| 2. Service Tax | 6,742 |

15. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been given.

**For SARDA SONI ASSOCIATES
Chartered Accountants**

**Sd/-
(MANOJ KUMAR JAIN)
Partner
M.NO: 120788**

**Place : Mumbai
Date : May 29, 2013.**

**PROXY FORMS
VHCL INDUSTRIES LIMITED**

Regd. Office: 306, COMMODITY EXCHANGE BUILDING, PLOT NO 2,3 AND 4 SECTOR - 19,
VASHI, NAVI MUMBAI - 400 705 (Maharashtra)

Folio No. _____

I /We _____ of _____ being the member/members of the above named company hereby appoint _____ of _____ or failing him/her _____ of _____ as my /our proxy to attend and vote on my/our behalf as the 22nd Annual General Meeting of the Company to be held on Monday, the 30th September, 2013 at 10.00 A. M. at THE HOTEL SHELTER PALACE plot no. 179A, sector - 19C, behind State Bank of India, dana bunder, vashi, navi mumbai - 400 705 and at any adjournment thereof.

Signed this _____ day of _____ 2013

Signature _____

Affix Re. 1/- revenue Stamp
--

Note: This Instrument of proxy shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. Please affix One Rupee Revenue Stamp while making signature.

VHCL INDUSTRIES LIMITED

Regd. Office: 306, COMMODITY EXCHANGE BUILDING, PLOT NO 2,3 AND 4 SECTOR - 19,
VASHI, NAVI MUMBAI - 400 705 (Maharashtra)

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND
HANDOVER AT THE ENTRANCE OF THE MEETING HALL**

1. Name of the attending Member _____

(in Block Letter)

2. Members Folio No. _____

3. Name of the Proxy _____

(To be filled in Block Letters if the proxy attends instead of Member)

No. of Share Held _____

I hereby record my presence at the 22nd Annual General Meeting of the Company on Monday, the 30th September, 2013 at 10.00 A. M. at THE HOTEL SHELTER PALACE plot no. 179A, sector - 19c, behind State Bank of India, dana bunder, vashi, navi mumbai - 400 705 and at any adjournment thereof.

Member's /Proxy's Signature

Note : The Copy of the Annual Report may please be brought at the time of meeting.



Registered Office : 306, Commodity Exchange Building, Plot No. 2, 3 & 4, Sector - 19, Vashi, Navi Mumbai - 400 705

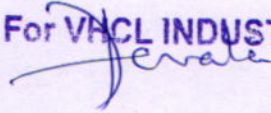
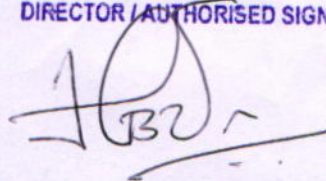
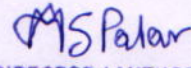

Office : 601, Casablanca, Juhu - Gulmohar Cross Road No.10, Vile Parle (West), Mumbai - 400049, Maharashtra, India. ■ +91 22 2670 5135 / 36 📞 +91 22 2625 3232 email:- info@vhcl.co.in

Works: Survey No. 285, Gala No. 2, Main Khanvel Kherdi Road, Village Kherdi, Silvassa 396 230 U.T. of Dadra & Nagar Haveli. India.

www.vhcl.co.in

FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	VHCL Industries Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N/A
5.	To be signed by-	
	❖ Managing Director	<p>For VHCL INDUSTRIES LTD.</p> <p>Mr. Pankaj Valia </p> <p>DIRECTOR / AUTHORISED SIGNATORY</p>
	❖ CFO	<p>Mr. Hardik Valia </p>
	❖ Audit Committee Chairman	<p>Mr. Mandar Palaw </p> <p>For VHCL INDUSTRIES LTD.</p> <p>DIRECTOR / AUTHORISED SIGNATORY</p>
	❖ Auditor of the company	<p>For Sarda Soni Associates Chartered Accountants (Firm Registration No. 117235W)</p> <p></p> <p>Manoj Kumar Jain (Partner) Membership No. 120788</p> <p>Mumbai , 19th September, 2013</p> 